

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

HB 1665 – SB 1695

February 8, 2016

SUMMARY OF BILL: Expands the population of home school students and students who graduate from an ineligible high school that may be eligible to receive a General Assembly Merit Scholarship (GAMS) by increasing the eligibility options for such students. In addition to the current statutory requirements to receive a GAMS award, such students may also qualify on the basis they either: participate in a Governor's School program and achieve a minimum cumulative GPA of 3.0; take two Advanced Placement (AP) examinations and receive a score of at least three; or take a College Level Examination Program (CLEP) test, and receive a score of at least 55.

ESTIMATED FISCAL IMPACT:

On February 1, 2016, a fiscal note was issued for this bill with the following estimated fiscal impact:

*Increase State Expenditures –
\$106,000/FY17-18/Lottery for Education Account
\$202,500/FY18-19/Lottery for Education Account
Exceeds \$202,500/FY18-19 and Subsequent Years/
Lottery for Education Account*

This funding will not be included in the annual statutory transfer of excess lottery funding from the Lottery for Education Account to the Tennessee Promise Special Reserve Account.

On February 8, 2016, additional information was received from the Tennessee Student Assistance Corporation (TSAC) regarding the number of additional homeschool students who will qualify for an award and the annual GAMS award. Based on this information, the fiscal impact and relative assumptions were determined to be in error and have been corrected. The corrected fiscal impact is estimated as follows:

(CORRECTED)

Increase State Expenditures –

\$44,000/FY16-17/Lottery for Education Account

\$84,000/FY17-18/Lottery for Education Account

Exceeds \$84,000/FY18-19 and Subsequent Years/

Lottery for Education Account

This funding will not be included in the annual statutory transfer of excess lottery funding from the Lottery for Education Account to the Tennessee Promise Special Reserve Account.

Corrected Assumptions:

- The annual General Assembly Merit Scholarship (GAMS) award is currently \$1,000 and will not change in future fiscal years.
- Based on FY14-15 lottery scholarship and ACT data relative to home school students, the Tennessee Student Assistance Corporation (TSAC) estimates that 44 additional students will qualify for a GAMS award in FY16-17.
- The increase in state expenditures from the Lottery for Education Account (LFEA) in FY16-17 is estimated to be \$44,000 (44 students x \$1,000).
- Based on retention data for current LFEA programs, TSAC estimates that 91 percent of students from the first year cohort (or 40 students) will retain the GAMS award in FY17-18; therefore, the estimated increase in state expenditures from the LFEA in FY17-18 for this population of students is estimated to be \$40,000 (40 students x \$1,000).
- In addition, 44 new students would qualify for the GAMS scholarship in FY17-18; an additional increase in state expenditures from the LFEA estimated to be \$44,000.
- The total increase in state expenditures from the LFEA in FY17-18 is estimated to be \$84,000 (\$44,000 + \$40,000).
- The increase in state expenditures from the LFEA in FY18-19 and subsequent years is estimated to exceed \$84,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/rbp